

Virgin Money Investment Holdings Limited

Directors' Report and Financial Statements

Registered number 3148791

31 December 2014



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Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2014. The previous financial statements were for the 9 month period ended 31 December 2013.

Principal activities

The principal activity of the Company is that of an investment holding company.

Business review

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The profit for the financial year, amounted to £232,384,000 (Period ended 31 December 2013 - £9,835,000).

On 10 December 2014, the Company paid a dividend of £242,373,902 (Period ended 31 December 2013: £nil).

Directors

The directors who served during the year were:

G D McCallum (resigned 8 January 2015)

I P Woods

R P Blok (resigned as alternate to G D McCallum) (appointed a director 8 January 2015)

Provision of information to auditor


Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 16 June 2015 and signed on its behalf.



B A R Gerrard
Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

Directors' Responsibilities Statement
For the Year Ended 31 December 2014

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Virgin Money Investment Holdings Limited

We have audited the financial statements of Virgin Money Investment Holdings Limited for the year ended 31 December 2014, set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of director's responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

18 June 2015

Profit and Loss Account
For the Year Ended 31 December 2014

		<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
	<i>Note</i>		
Administrative expenses		(8)	(36)
Other operating income		232,146	9,740
Operating profit		232,138	9,704
Interest receivable and similar income	5	246	164
Interest payable and similar charges	6	-	(87)
Profit on ordinary activities before taxation		232,384	9,781
Tax on profit on ordinary activities	7	-	54
Profit for the financial year	12	232,384	9,835

All amounts relate to continuing operations.

There were no recognised gains and losses for the current year or prior period other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

Balance Sheet
As at 31 December 2014

	<i>Note</i>	£000	2014 £000	£000	2013 £000
Fixed assets					
Investments	8		-		-
Current assets					
Debtors	9	2		10,014	
Creditors: amounts falling due within one year	10	(2)		(24)	
Net current assets			-		9,990
Net assets			-		9,990
Capital and reserves					
Called up share capital	11		-		27
Profit and loss account	12		-		9,963
Shareholders' funds	13		-		9,990

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2015.



I P Woods
 Director

The notes on pages 6 to 10 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As the Company is a wholly owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

1.2 Investments

Investments in subsidiaries are shown at cost less provision for impairment.

1.3 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

2. Operating profit

	12 months ended 31 December 2014 £000	9 months ended 31 December 2013 £000
Other operating income	232,122	9,700
Royalty receivable	8	40
Total	232,130	9,740

On 13 October 2014, the Company assigned certain rights relating to intellectual property licences of nil net book value to another Virgin Group company for consideration of £1,372,000.

During the year, Virgin group implemented a reorganisation in order to reduce the number of debts outstanding between wholly owned Virgin group companies. On 10 December 2014, the Company received a dividend from Virgin Money Investment Group Limited of £230,750,665, satisfied by the transfer of an intercompany debt receivable, of which £230,750,662 is recognised in the profit and loss account and £3 a return of capital.

Notes to the Financial Statements

3. Auditors' remuneration

The audit fees for the current year and prior period were borne by another group company.

4. Directors' remuneration

The directors did not receive any remuneration during the year for services to the Company (Period ended 31 December 2013: £nil).

5. Interest receivable

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Interest receivable from group companies	<u>246</u>	<u>164</u>

6. Interest payable

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
On loans from group undertakings	-	1
Net foreign exchange losses	-	86
	<u>-</u>	<u>87</u>

7. Taxation

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Adjustments in respect of prior periods	-	(54)
Tax on profit on ordinary activities	<u>-</u>	<u>(54)</u>

Notes to the Financial Statements

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (Period ended 31 December 2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%). The differences are explained below:

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Profit on ordinary activities before tax	<u>232,384</u>	<u>9,781</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%)	49,946	2,250
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(54)
Non-taxable income	(49,890)	(2,231)
Group relief	(56)	(19)
	<u>-</u>	<u>(54)</u>
Current tax charge/(credit) for the year/period	<u>-</u>	<u>(54)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Fixed asset investments

	<i>Investments in subsidiary companies £000</i>
Cost or valuation	
At 1 January 2014 and 31 December 2014	<u>-</u>
Net book value	
At 31 December 2014	<u>-</u>
At 31 December 2013	<u>-</u>

The company in which the Company's interest at 31 December 2014 is more than 20% is as follows:

	Country of registration	Principal activity	Holding	Class of shares
Subsidiary undertakings				
Virgin Money Investment Group Limited	England & Wales	Investment holding company	100%	Ordinary £1 shares

Notes to the Financial Statements

9. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	-	10,010
Prepayments and accrued income	2	4
	<u>2</u>	<u>10,014</u>

10. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	-	18
Accruals and deferred income	2	6
	<u>2</u>	<u>24</u>

11. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1 (2013 - 27,002,000) ordinary share of £0.001	-	27

On 9 December 2014, the Company effected a reduction of its share capital and cancelled 27,001,999 of its 27,002,000 shares then in issue.

12. Reserves

	<i>Profit and loss account £000</i>
At 1 January 2014	9,963
Profit for the year	232,384
Dividend	(242,374)
Capital reduction	27
	<u>-</u>
At 31 December 2014	-

During the year, Virgin group implemented a reorganisation in order to reduce the number of debts outstanding between wholly owned Virgin group companies. On 9 December 2014, the Company effected a reduction of its share capital and cancelled 27,001,999 of its 27,002,000 shares then in issue in order to create additional distributable reserves of £27,001 (Refer to Note 11).

On 10 December 2014, the Company paid a dividend of £242,373,902 satisfied by the transfer of an intercompany debt receivable due from its parent company Classboss Limited.

Notes to the Financial Statements

13. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	9,990	155
Profit for the financial year/period	232,384	9,835
Dividend	(242,374)	-
	<hr/>	<hr/>
Closing shareholders' funds	-	9,990
	<hr/>	<hr/>

For movement during the year please refer to Note 11 and Note 12

14. Post balance sheet events

On 19 January 2015, the Company assigned certain rights relating to intellectual property licences of nil net book value to another Virgin group company for consideration of £2,600,000.

15. Related party transactions

At 31 December 2014 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and certain trusts, none of which individually has a controlling interest in the Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or members of his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No. 8.

As a 100% owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Virgin Group Holdings Limited and its wholly owned subsidiaries.

16. Ultimate parent undertaking and controlling party

As at 31 December 2014 the ultimate parent company is Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the Company are consolidated is that of Virgin UK Holdings Limited, a company which is registered in England and Wales. The consolidated accounts for Virgin UK Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.